Credit Life International N.V.

2011 Annual Report

Credit Life

INTERNATIONAL

Security for Credit

Credit Life International at a glance

(in € '000)	2011	Change in %	2010	Change in %	2009
Gross premiums	**374,834**	17.79	**318,210**	-11.80	**360,770**
Net benefits paid	**-3,700**	-41.21	**-6,294**	256.40	**-1,766**
Change in the net technical provisions	**-3,747**	273.58	**-1,003**	-101.69	**59,354**
Gross costs of insurance operations	**-261,061**	18.25	**-220,770**	-14.68	**-258,752**
Net technical provisions	**32,864**	12.87	**29,116**	3.56	**28,114**
Investments	**243,894**	17.21	**208,089** *)	11.32	**186,927**
Investment result	**1,155**	-31.58	**1,688** *)	-69.46	**5,527**
Result after taxes	**4,632**	-2.85	**4,768** *)	-40.52	**8,016**
Equity	**33,685**	2.22	**32,953** *)	-9.09	**36,248**

*) Adjusted for comparison purposes. For an explanation of the reclassification see "Accounting and valuation methods" on page 30.

2011 Annual Report

Credit Life International N.V.

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Foreword

Dear Sir or Madam, Dear Business Partners,

Whether it is a personal stroke of fate or difficulties in one's career: life often cares little for our personal preferences or situation. Much continues on as if nothing had happened. This is particularly true from a financial point of view - we must continue to meet the obligations to which we have agreed. In times of unemployment or cases of death, the concern of those affected or left behind is, at a minimum, to retain possession of their property. It is in difficult situations such as these that our end customers come in contact with us. Credit Life International is aware of this responsibility at all times and in cases such as these sees to it that loan payments can continue to be made.

That is why to us, "Security for Credit" means far more than just a slogan or an advertising message. This sentence captures our company's self-image in very concrete terms. It is the benchmark by which we gauge ourselves - the entire company, with all its employees - each and every day. After all, in times of difficulty, our policyholders should be able to rely on us. We achieve this reliability, for instance, through standardized customer processes with the aid of which we guarantee a high quality of service. In phases that are difficult already, the customer is not forced to waste his or her energy involved in lengthy processes.

At the same time, for us the motto "Security for Credit" means offering all business partners the security of cooperation in a spirit of partnership. Along with tailor-made products and efficient processes, this also entails the security of receiving the best possible support for the development of markets at home and abroad. Because for us, partnership also means keeping the focus on our partners' competitiveness at all times.

As our operating result for 2011 also demonstrates, we are on the right track with our philosophy. We can look back on a successful year for Credit Life International, with a good result that even outperformed our result for 2009, which had been our strongest to date.

Above all, our extremely dedicated employees play a major role in our company's success. Every day, they pursue the objective of assisting our cooperation partners with the best products and the best services there are. In the name of the entire Executive Board, I would like to take this opportunity to extend my heartfelt thanks to all of the employees for this contribution.

Yours faithfully,

on behalf of the Executive Board

Christoph Buchbender
Member of the Board

Udo Klanten
Member of the Board

Andreas Schwarz
Member of the Board

Jutta Stöcker
Member of the Board

Sander van Zutphen
Member of the Board

Credit Life International is an innovative specialist in the area of payment protection insurance. First and foremost, we owe this status to the effort and dedication of our employees. As a reliable partner to financial services providers, this is how we offer individual solutions ranging from product development to providing.

Each country requires specific strategies to be able to thrive in the respective national market. This is why Credit Life International relies on a strong presence with specialists on site - people who know the right contacts and which products are in demand.

Insurance companies live from the trust of their customers and partners. It is our conviction that the only way to gain this trust is to cultivate a corporate culture worthy of it. This is why we encourage a culture of open communication and attach great importance to the sense of responsibility of each and every employee in our day-to-day work.

With a functioning risk-management approach, we build the basis for sustainable business success. We use instruments adequate to active risk management and risk reduction. The objective is a sustainable growth in the value of our company.

As one of just a few insurance companies to date, Credit Life International relies on ISO-certified processes. This is how we ensure a constant high level of quality for our customer processes while providing reliability, and hence more satisfaction on the part of policyholders.

95

employees work at Credit Life International N.V.

374,834,000 Euro

annual gross premiums in 2011

32

years of experience with payment protection insurance

87,425

telephone calls received by the Service-Center in 2011

7.9 %

average unemployment rate of all dependent civilians in the workforce in Germany in 2011

186,956

items of post processed by the Service-Center in 2011

1.9 million

insurance policies

9001 : 2008

DIN EN ISO-Standard under which our Quality Management is certified

from 8:00 a.m. - 6:00 p.m.

hours during which our Service-Center can be reached by telephone, Monday through Friday

2,975,823

average registered unemployed individuals in Germany in 2011

Bundling strengths for international partners

Our claims handling

Services for satisfied customers

Efficient and reliable claims processing helps ensure that requests and benefits are satisfactorily wound up and can be processed within five working days. Automated processes in the Claim-Handling area enable quick processing times and low running costs – despite good levels of staffing.

Rather than outsource services, Credit Life International relies on employees in-house. A total of 40 in-house specialists provide long service hours and a high level of reachability on the telephone – 80 percent of all calls are picked up within 20 seconds' time. In all, each year the claims department processes approx. 190,000 items of incoming post, 30,000 claims and 87,000 telephone calls.

A targeted training program for employees in the Claim-Handling area keeps service quality up to the required level at all times. Along with legal and insurance-related topics, the training programs also cover medical aspects as well. Communication and processes are optimized on an ongoing basis.

Our quality standard

Ensuring certified processes Service excellence

Certified quality standards are very popular among consumer goods. In the insurance industry, on the other hand, transparent and verifiable quality benchmarks are still something new. Credit Life International, however, already squarely relies on transparency and uniformity. This makes it possible to provide a seamless "production" operation and level of quality for payment protection insurance.

Credit Life International guarantees standardization through a comprehensive approach to quality management. This applies equally to our organizational and technical procedures and to the work our employees perform. The approach to quality management has thus also established a process for constant improvement that guarantees quality and efficiency.

Customer requirements are part of the model on which we base the services we provide. For customers and partners alike, a visible sign of the standard with which our quality-management system is associated is the certification under DIN EN ISO 9001:2008. This certification makes all of our processes involving customer contact subject to an independent audit.

Fully integrated IT

Nearly all processes involved in insurance are computerised, and so the standard of the technology has a decisive influence on costs and performance. Credit Life International relies on a system which, deploying a high level of automation, reproduces all the core processes and allows them to be adapted to our business partners' individual requirements. Because the partners' systems can also be integrated, all the stages from premium calculation to contract conclusion can be reproduced very efficiently in the broker's POS systems.

Credit Life International's internal business core platform can be flexibly configured and can handle different languages, clients, currencies or payment transaction systems. The flexible architecture also makes it possible to integrate new partners easily and implement their requirements.

Our technology

Individual payment default protection

People need payment protection insurance above all in difficult situations such as unemployment, incapacity to work, permanent disability, hospitalisation, serious illness, accidental death or death. It is thus particularly important that the protection is appropriate and that the assistance provided in the event of a claim follows reliable criteria. With a strategy based on product lines, Credit Life International is able to protect our partners' range of funding products on an individual basis in line with the needs of individual target groups and countries.

Protection can thus be provided for consumers' loan liabilities stemming from vehicle financing, recurring payment obligations, leasing and rental facilities and mortgages. Depending on requirements, the products can be tailored towards bank sales or broker markets and the product lines can be adapted just as flexibly to ever-changing situations. The result is individual products that are in line with requirements, and can be optimally adapted to clients' needs.

Our product concepts

innovative innovative **innovative** innovative innovative

actively creative actively creative actively creative

reliable reliable **reliable** reliable reliable reliable

committed committed committed committed **committed**

competent competent competent competent competent

flexible flexible flexible flexible **flexible** flexible flexible

adaptable adaptable **adaptable** adaptable adaptable

honest **honest** honest honest honest honest honest

pragmatic pragmatic pragmatic **pragmatic** pragmatic

self-confident **self-confident** self-confident self-confident

Personalia

Supervisory Board	**Dr. rer.pol.h.c. Klaus G. Adam** Auditor, Mainz Chairman
	Wilhelm Ferdinand Thywissen Commercial Agent (German: Kaufmann), Managing Director of C. Thywissen GmbH, Neuss Deputy Chairman
	Dr. Ludwig Baum Commercial Agent (German: Kaufmann), Managing Director of Effektenverwaltung Cornel Werhahn, Munich
	Drs. Jacob Koning Economist, Member of the Administrative Council of De Nederlandsche Bank, i. R., Amsterdam
Executive Board	**Christoph Buchbender** Neuss
	Udo Klanten Bergisch Gladbach
	Andreas Schwarz Neuss
	Jutta Stöcker Bornheim
	Sander van Zutphen Veghel
Actuary	**Towers Watson Risk Consulting B.V.**
Auditor	**KPMG Accountants N.V.**

Executive Board Report

Overview

Credit Life International N.V. is a hundred percent subsidiary of Rheinland Groep Nederland B.V. In turn, Rheinland Groep Nederland B.V. is a hundred percent subsidiary of RheinLand Versicherungs AG, Neuss, whose shares are held by RheinLand Holding AG. Together with RiMaXX International N.V., as a brand the company represents the "bank sales" business sector.
Via cooperation partners from the financial services sector it underwrites the risk which residual credit insurance policies entail in Austria, Belgium, the Czech Republic, Germany, Hungary, Italy, the Netherlands, Poland, Slovakia, Slovenia and Spain.

Credit Life International N.V. had a successful year in 2011. After the slight loss in sales in the previous year Credit Life International N.V. increased turnover once again and even exceeded the boom year of 2009. This resulted in an increase of 17.8% in gross premium income from € 318.2 million in 2010 to € 374.8 million in 2011.

In 2011 it proved possible to expand and extend the scope of existing key partnerships in the banking and insurance sectors, acquire new cooperation partners and develop innovative products and launch them on the market. We have thus taken a further major step on our chosen course towards becoming a recognised, international specialist insurer for payment protection insurance.

In the last annual report we informed you of the contract negotiations that were underway to extend the cooperation agreement with our biggest business partner. These negotiations took place in 2011 and were concluded successfully. From 2012 Credit Life International N.V. will be switching to a providing role for the new business. The cooperation agreement with our biggest partner, who now insures parts of the business itself, will continue for a further three years.

We are able to count other insurers who were convinced in 2011 by our innovative power and particular expertise in the payment protection insurance business among our partners. On the one hand, this allowed the IPP components we provide to be incorporated into an innovative old age pension product; on the other hand, income protection was able to be marketed through a partner's own sales organisation.

The cooperation agreement concluded in 2010 with Talanx Deutschland AG for the purpose of jointly cultivating the international markets has developed well. We were able to consolidate and expand our presence in existing countries by acquiring important new partnerships. Our cooperation agreements in the Netherlands and Italy have been particularly successful. We have succeeded in accessing a wide market in particular in the mortgage financing segment in the Netherlands. In Italy we have, moreover, managed to acquire a major international bank as a cooperation partner.

In 2011, our client procedures were also certified without restrictions in accordance with DIN EN ISO 9001: 2008 during a monitoring audit. This is an indication of our aspiration to provide our clients with high-quality service levels.

Business development

All in all, the 2011 business year developed along positive lines. In terms of the number of policies, the insurance portfolio climbed by 5.3% to 1,949,494. The gross premium income, which comprises almost exclusively single premiums, rose from € 318.2 million to € 374.8 million.
The number of employees remained stable at ninety-five. Owing to strong growth in the business and consequently higher acquisition costs, gross costs of insurance operations increased from € 220.8 million in 2010 to € 261.1 million in 2011 (18.3%).

Residual credit insurance

The sum insured in residual credit insurance rose by 7.8% from € 14,561.9 million to € 15,700.6 million in the year under review. The premium income enjoyed a year-on-year increase of 18.1%, from € 315.4 million in 2010 to € 372.6 million in 2011.
The benefits paid, including the change to the provision for outstanding claims, climbed from € 78.0 million in the previous year to € 83.0 million in the year under review. This includes € 53.9 million for surrenders and top-ups (previous year: € 49.4 million).

Traditional business

Traditional life insurance business has no longer been transacted since the beginning of 2007. For the purpose of simplifying the business run-off process, the existing portfolio has been reinsured in its entirety since 2007.

The sum insured in traditional life insurance business slumped by 20.5% to € 28.7 million in the year under review. The premium income underwent a year-on-year decrease of 21.4% from € 2.8 million in 2010 to € 2.2 million in 2011.
The benefits paid, including the change to the provision for outstanding claims, declined from € 1.9 million in the previous year to € 1.2 million in the year under review. This includes € 1.0 million for surrenders (previous year: € 1.4 million).

Investments

The investment portfolio increased from € 208.1 million in 2010 to € 243.9 million in the 2011 business year (+17.2%).
The investment income climbed from € 6.5 million in the previous year to € 6.8 million in the year under review (+4.6%). At € 1.3 million (2010: € 1.7 million), the current result failed to match that of the previous year.

Result

A profit before taxes of € 6.2 million (previous year: € 6.4 million) was generated in the 2011 business year. The result after taxes totalled € 4.6 million. It is proposed that of this amount € 3.1 million should be disbursed as a dividend in 2012 and that € 1.5 million should be allocated to the other reserves.

Risk management

Overall risk monitoring and management system

One of the key business purposes of the insurance companies which are consolidated in the Group comprises assuming risks as a risk bearer on a deliberate and controlled basis, rendering such risks calculable and managing them in a balanced risk portfolio. The prerequisite for this is a professional risk management system.

In this regard, what is understood by "risks" are all the occurrences and possible developments inside and outside the company which may negatively impact the corporate objectives, in other words, planning, and thus the economic and financial situation.

Organization and tasks of the risk monitoring and management system

Risk management is performed at all levels of RheinLand Versicherungsgruppe in accordance with standard guidelines and is geared towards protecting the financial position of RheinLand Holding AG and its operational companies and increasing the value of these companies on a lasting basis. For the purpose of attaining these objectives, endeavours are being made to establish a risk culture and create transparency regarding the risks both on a Group-wide basis and at the level of the individual companies. In addition, adequate tools are deployed for the purposes of actively managing and reducing risks. The capital resources are hedged in conjunction with the maintenance of a defined safety level.

RheinLand Versicherungsgruppe boasts an organizational structure geared towards risk management and internal control mechanisms which ensure that risks are adequately rated, monitored and managed. The basis for this is the regulations in force in Germany under the Corporate Sector Supervision and Transparency Act (KonTraG), the requirements stipulated in §§ 55c and 64a Insurance Supervision Act (VAG) and the minimum requirements which risk management systems at insurance companies are required to fulfil (MaRisk VA). This means that the Dutch risk management requirements pursuant to Wft ("Wet op het financieel toezicht") are likewise covered.

With regard to integral business management, an independent compliance function was established group-wide, separate remuneration guidelines for the German and Dutch companies drawn up and a code of conduct approved for sales. In this regard, great importance was placed on standard guidelines which afford consideration to prevailing country and company-specific requirements.

Risk management structure

The roles, responsibilities and tasks which the individual functions entail and the risk management process are documented in the following principal sets of regulations.

- Risk strategy
- Compliance manual
- Limits and indicators manual
- Manual on handling operational risks
- Documentation on the internal control system

These documents also apply to the Dutch companies. They are updated and, if and when necessary, supplemented once a year. Additional risk limiting sets of regulations exist in the operational units (e.g. underwriting guidelines and powers of authority).

The responsibility for risk management is borne by the following functions:

- Executive Board
- Supervisory Board
- Internal Group Audit
- Centralized independent risk management function
- Compliance function
- Risk Management Board
- Risk officers

The Executive Board bears the overall responsibility for risk management and for approving and continually enhancing the corresponding sets of regulations.

The Supervisory Board is responsible for monitoring the risk management decisions taken by the Executive Board. It is regularly informed of the current risk situation by the Group Executive Board.

Internal Group Audit is responsible for monitoring the security, economic efficiency and accuracy of the internal control system. The auditor also audits the internal control system during the audit of the annual financial statements.

The centralized independent risk management function (risk management) is responsible for interdepartmental risks and the conceptional enhancement and maintenance of the Group-wide risk management system. It performs a coordinating and monitoring function and supports the risk officers in the operational sectors. In the Netherlands, an independent risk management function has been established pursuant to Wft which, in close concert with the centralized risk management team, assesses the risk situation of the Dutch subsidiary companies. For the purpose of performing its tasks, the risk management team is granted an unrestricted right to receive information.

The compliance function monitors the observance of the statutory and regulatory law framework and the regulations and standards established by the company itself.

As an executive body, the Risk Management Board is responsible for consensus-oriented decisions within the framework of the stipulations issued by the Executive Board and the risk analyses conducted by the Risk Management Department.

In the relevant business sectors, risks are identified, assessed, managed and monitored, on a decentralized basis, by the risk officers in the operational sectors in accordance with the stipulations issued by the Risk Management Department. The managers and the risk officers have undergone training in the performance of their risk management function. The managers are tasked with monitoring the implementation and effectiveness of risk management system in their areas of responsibility.

Risk categories

Risk management takes into account the following risk categories:

- Underwriting risk
- Market risk (investment risk)
- Credit risk (including the country risk)
- Operational risk
- Liquidity risk
- Concentration risk
- Strategic risk
- Reputation/integrity risk

Risk-bearing capability and limit system

The MaRisk requirements have necessitated the establishment of a limit system derived from the risk-bearing capability concept.

The risk-bearing capability is analysed on the basis of the currently valid Solvency II draft standard model. RheinLand Versicherungsgruppe and all the individual companies are furnished with adequate capital resources. This largely occurs by adjusting the overall risk item (risk capital requirements) in line with the capital resources which are available at any given time or by adjusting the capital resources. The term capital resources is defined in accordance with the standard model. The risk-bearing capability of both the individual companies and RheinLand Versicherungsgruppe is controlled and continually monitored by means of defined limits and early-warning indicators which are specified in the limits and indicators manual.

RheinLand Versicherungsgruppe's limit system explicitly limits and observes the underwriting, market, credit, liquidity, concentration and strategic risk categories via early-warning indicators. Limits and early-warning indicators for the underwriting risks are undergoing testing and have been actively managed since 2011.

In addition, the strategic risks are analysed by the Risk Management Board on a quarterly basis and presented annually along structured lines within the framework of a weakness/strengths analysis. Reputation risks are likewise analysed and qualitatively assessed by the Risk Management Board. For the Dutch companies an independent compliance function is responsible for implementing "integrity management" (the integrity risk encompasses and exceeds the scope of the reputation risk) pursuant to the prevailing Dutch supervisory legislation. The main operational risks are managed and monitored within the framework of agreed procedures.

Risk reporting

The Executive Board and the Supervisory Board are informed by the risk management team on a quarterly basis of the risk situation of the individual companies and the Group, the management measures serving the purpose of controlling these risks and notifying new risks as well as major changes to already known risks. The subject of risk management is a regular item on the agenda of Executive Board and Supervisory Board meetings. The relevant up-to-date risk report serves as the handout for this purpose.

In the event of any suddenly occurring major changes to known risks and in the event of newly materialized risks, the Risk Management Department and the Executive Board are informed without delay, as is the Supervisory Board in the case of red risks. The underlying traffic light functionality is based on the limits stipulated by the Executive Board. Green risks are uncritical, amber risks necessitate enhanced alertness and red risks require the initiation of risk management measures.

For the Supervisory Board meeting in which the annual report is approved, the Risk Management Department produces an overall risk report in the sense of a year-end report. This report encompasses the current results of the standard model on an actual basis (insofar as these results are available), the current limit and indicator statuses, the scenario results pertaining to the operational risks, the key points of the SWOT analysis for systematizing the strategic risks and an assessment of reputation risks on the basis of qualitative assessments.

In addition to the Board of Executive Directors and the Supervisory Board, all risk reports are submitted to the auditor, the certifying actuary, Internal Group Audit and the Federal Financial Supervisory Authority.

Solvency II

Present Solvency II scheduling provides for a gradual introduction with the concrete transition concept being adopted in mid-2012 at the earliest. Currently it can be assumed that Solvency II in principle will start on 1 January 2013, solvency calculations in 2013 will still be carried out in accordance with Solvency I, but the first calculations and reports to the Supervisory Authority on the basis of Solvency II must be made from mid-2013. The scope and level of detail of the reporting obligations are still to be decided.

"Activation" of all Solvency II regulations is to take place on 1 January 2014 with a period of between 12 and 24 months maximum to meet the risk capital requirements. If the solvency requirements are not met, companies must submit financial planning for meeting the risk capital requirements within a specified timeframe.

As the standard model for calculating the required risk capital is still to be substantially changed, DNB will carry out a further pilot study during the period of July / August 2012. In addition, at DNB's request, the report to be drawn up annually once Solvency II is introduced relating to the risk assessment carried out by the company itself is to be submitted as a test report by the end of the year.

Audit committee

The implementation in 2008 of Article 41 of EU Directive 2006/43/EC pertaining to the statutory control of annual financial statements and consolidated financial statements in the Netherlands resulted in an obligation to establish an audit committee or nominate an executive body which performs tasks which are comparable with those of an audit committee.

The Supervisory Board performs all these tasks at Credit Life International N.V.

Corporate governance

During the past few years corporate governance has been further developed within Credit Life International N.V.; a code of conduct was introduced which provides employees with support and guidelines in carrying out their activities. In addition, external regulations, e.g. the "Regeling Beheerst Beloningsbeleid" (regulation on restrained remuneration policies) were also implemented. The Executive Board supports these developments. The same applies to the insurers' code. This code was implemented taking into account the size and orientation of Credit Life International N.V. The code will be fully implemented by spring 2012.

Automation

In 2011 we were able to further increase the level of automation. Together with various business partners we were able to intensify technical cooperation. Following the introduction in 2010 of a paperless file-processing facility for policy and payment processes, a system with automated inbox control facility was successfully introduced. Client enquiries via the various access channels (paper, telephone, e-mail) are all routed to a central system and distributed from there to a specific office for processing. This automated input distribution enables us to respond to client enquiries even more quickly and efficiently. We noticed a clear reduction in processing times even in the first few months. To further expand our international sales activities, we have had a Europe-wide collection/disbursement system in place since the beginning of 2011. The objective of these activities is the fully computerized and automated handling of all payment transactions with end clients. We were able to put the first two processing stages into operation successfully in August 2011. We aim to complete the whole range of services by mid-2012.

Socially responsible corporate activities

Credit Life International N.V. adopts a conscious approach towards its social responsibility. This is demonstrated by the following activities:

Environmental awareness

Our members of staff are instructed to utilize the available resources such as energy, water and materials sparingly. The post of Environmental Officer responsible for accepting suggestions and addressing issues relating to this topic, has been established at RheinLand Holding AG's head office.

Company suggestion scheme

A company suggestion scheme has been established at RheinLand-Gruppe for the purpose of rewarding new and feasible suggestions for reducing costs and improving quality. Suggestions which are submitted are examined by an interdepartmental panel and, following their successful implementation, financial rewards are granted.

Consumer credit guidelines

Germany is the insurance market which involves the highest level of turnover for Credit Life International N.V. Therefore, the changes which have materialized in connection with the implementation of the consumer credit guidelines have been subjected to intense scrutiny in conjunction with the clients whom we service, and our products and procedures have been adapted where necessary. These changes primarily serve the purposes of transparency and protection for policyholders.

Sponsoring

Increasing the company's public profile constitutes part and parcel of our corporate strategy. Credit Life International N.V. once again sponsored a German Bundesliga handball club in 2011. On the one hand, this serves the purpose of regional identification and, on the other, it is intended that this should enhance the company's public profile in its primary German market.
Until the end of the 2011 season, Credit Life International N.V. was also one of the four co sponsors of a top-flight German Bundesliga football club, with the result that its lettering and logo were visible in football stadiums and television coverage.

Members of staff

Credit Life International N.V. is a young company employing a total of ninety-five members of staff as at 31 December 2011. Of these members of staff, 38% are female and 62% male. At thirty-eight, the average age is relatively young. This is also reflected in the average length of service of 6.3 years. The number of members of staff stabilized in 2011.

Staff development

The 12-month long development programme for new managers was launched in October 2011. The programme consists of several modules which support the development and expansion of management skills and ensure high quality management. The modules are complemented by individual development plans.

The new staff development appraisal – MEG – was successfully piloted in 2011. All appraisals will be carried out in the new form from 2012. Our new system comprises four modules, namely reflecting upon behaviour and performance on the basis of a competence model, agreeing new tasks, development and promotion measures and feedback for managers.

In 2011 the first measures were introduced and implemented within the framework of an integrated workplace health management system. The objective of these measures is to maintain and promote staff performance. The range of services on offer covers health-related support services – such as stress management or workplace ergonomy. Another important component is the counselling services related to mental health issues.

Training

The training concept which was developed for Credit Life International N.V. in 2008 has stood the test of time and will be intensified.

Outlook

With efficient processes and innovative products, highly motivated staff and successful partners on our side, we will be able to adapt to market developments and continue to exploit all the opportunities that present themselves. Nevertheless, we shall strive to optimize processes and synergies further, both internally and with our German sister companies, with the aim of maintaining a low cost level alongside a high level of service. Credit Life International N.V. will, thus, remain well-placed for 2012 and the future.

The long-term agreements with our partners form a solid foundation for the next few years. However, the change to the agreement with a major client will lead to a significant reduction in gross written premiums as we will switch from acting in the role of primary insurer for the whole business to acting in that of a provider during 2012.

We shall also continue to drive forward the expansion of our business operations in Germany in conjunction with new cooperation partners in 2012. Banks, insurance companies and intermediaries in the consumer credit and real estate financing segment will be the focal point of our activities. We shall, however, also drive forward the development of other niche products. We shall also focus on the further development of our foreign activities through Credit Life International Services GmbH. Interesting opportunities for cooperation in this area have already been announced.

Venlo, 24 April 2012

Buchbender Klanten Stöcker Schwarz Van Zutphen

Balance sheet as at 31 December 2011

(Prior to profit appropriation)
(in € '000)

ASSETS	2011		2010	
Investments 1				
Other investments				
▪ Shares	**1,284**		1,564	
▪ Bonds	**219,284**		194,837 *)	
▪ Deposits at banks	**23,326**		11,688	
		243,894		208,089
Deferred tax assets 2		**726**		875 *)
Receivables				
Receivables arising out of direct insurance operations:				
▪ Policyholders	**4**		2	
▪ Intermediaries	**11,038**		9,970	
Reinsurance receivables 3	**1,402**		3,870	
Other receivables 4	**2,696**		13,554	
		15,140		27,396
Other assets				
Fixed assets 5	**747**		636	
Current cash at banks	**7,795**		6,109	
		8,542		6,745
Deferred items				
Deferred interest and rent	**3,261**		2,959	
Deferred unearned reinsurance premiums	**3**		3,463	
Deferred acquisition commissions 6	**201**		44	
		3,465		6,466
		271,767		249,571

*) Adjusted for comparison purposes. For an explanation of the change to the system see "Accounting and valuation methods" on page 30.

(in € '000)

EQUITY AND LIABILITIES	2011		2010	
Equity 7				
Paid-up share capital	**3,000**		3,000	
Share premium reserve	**20,750**		20,750	
Other reserves	**5,303**		4,435 *)	
Business year result	**4,632**		4,768 *)	
		33,685		32,953
Subordinated loans 8		**8,600**		8,600
Technical provisions 9				
For life insurance:				
▪ Gross	**204,520**		188,553**)	
▪ Reinsurers' share	**-172,618**		-160,263**)	
	31,902		28,290	
For outstanding claims:				
▪ Gross	**25,970**		27,168	
▪ Reinsurers' share	**-25,008**		-26,342	
	962		826	
Other technical provisions:				
▪ Gross	**510**		900	
▪ Reinsurers' share	**-510**		-900	
	-		-	
		32,864		29,116

*) Adjusted for comparison purposes. For an explanation of the change to the system see "Accounting and valuation methods" on page 30.
**) The presentation of the technical provisions has been adjusted for comparison purposes.

(in € '000)

		2011		2010
Other provisions 10		**2,730**		-
Deposits for reinsurance business 11		**183,723**		165,014
Liabilities				
Liabilities arising out of direct insurance operations:				
▪ Policyholders	**1,285**		1,941	
Reinsurance payables 12	**4,516**		4,809	
Other liabilities 13	**2,947**		3,526	
		8,748		10,276
Deferred items		**1,417**		3,612
		271,767		249,571

Profit and loss account 2011

(in € '000)

Technical account		2011		2010
Net premiums earned				
Gross premiums 14	**374,834**		318,210	
Reinsured premiums	**-366,121**		-309,155	
		8,713		9,055
Investment income				
Other investments 15	**6,835**		6,484	
Realized gains	**150**		186	
		6,985		6,670
Non-realized gains stemming from investments 16		**-**		- *)
Other technical net income 17		**21,430**		18,189**)
Net benefits paid 18				
▪ Gross	**-85,387**		-79,814	
▪ Reinsurers' share	**81,687**		73,520	
	-3,700		-6,294	
Change in the provision for outstanding claims:				
▪ Gross	**1,199**		-88	
▪ Reinsurers' share	**-1,334**		-266	
	-135		-354	
		-3,835		-6,648
Change in the provisions for life insurance:				
▪ Gross	**-15,967**		-4,272	
▪ Reinsurers' share	**12,355**		3,623	
	-3,612		-649	
Changes in the other technical provisions:				
▪ Gross	**390**		900	
▪ Reinsurers' share	**-390**		-900	
	-		-	
		-3,612		-649

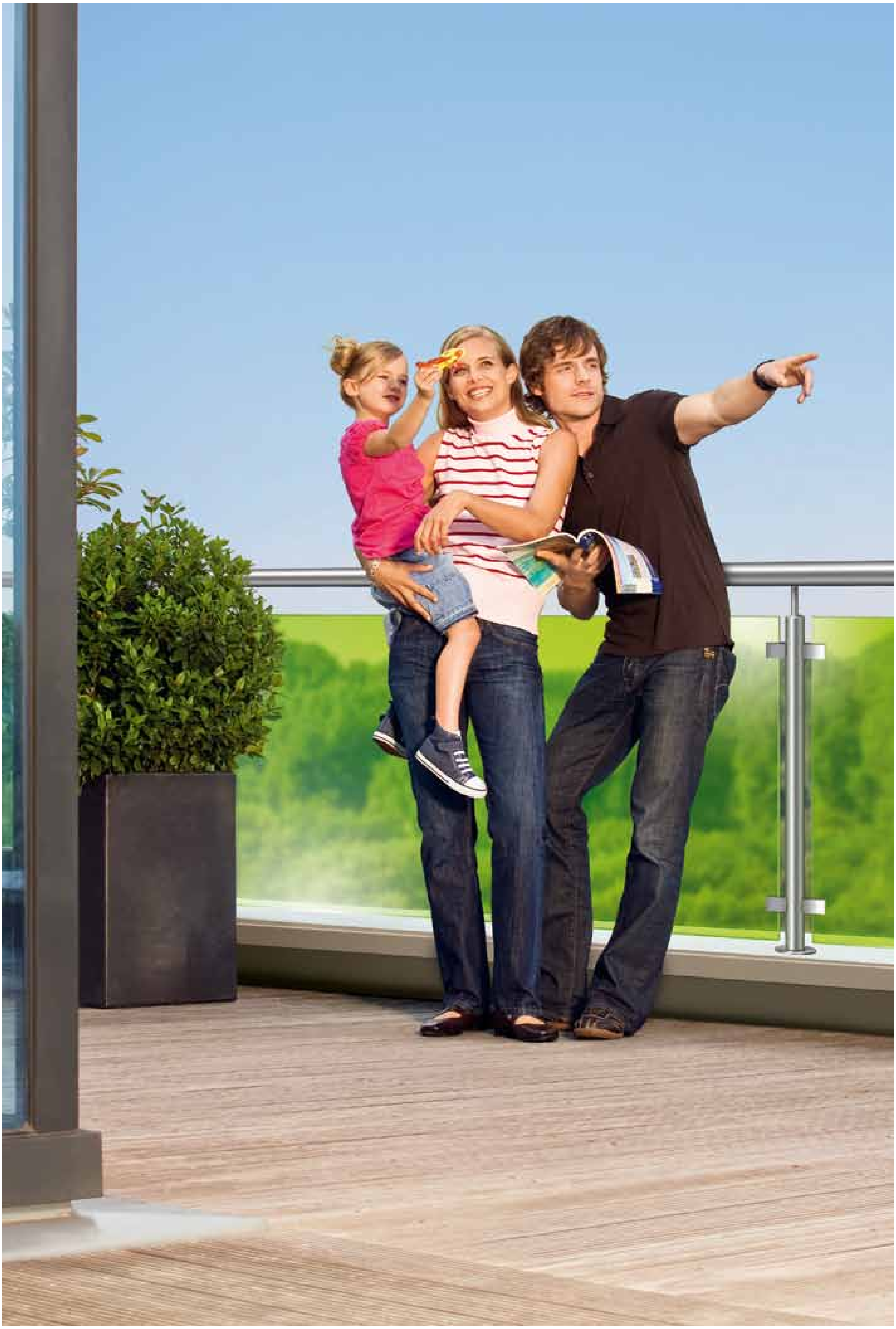
*) Adjusted for comparison purposes. For an explanation of the change to the system see "Accounting and valuation methods" on page 30.
**) The presentation of reinsured business commissions received has been adjusted for comparison purposes.

(in € '000)

	2011		2010	
Profit share and premium discount		**-62**		7
Costs of insurance operations				
Acquisition cost 19	**-255,217**		-216,259	
Change in the capitalized acquisition costs	**-6**		-10	
Administrative and personnel costs, depreciation on office furniture and equipment 20	**-5,838**		-4,501	
Reinsured business commissions received	**243,424**		205,505 *)	
		-17,637		-15,265
Investment costs 21				
Interest and other costs	**-5,547**		-4,772	
Realized losses	**-3**		-122	
		-5,550		-4,894
Non-realized losses stemming from investments 16		**-280**		-88**)
Investment income not allocated to the technical account 22		**-472**		-413
Technical account result 23		**5,680**		5,964

Non-technical account		2011		2010
Technical account result		**5,680**		5,964
Transfer of investment income from the technical account 22		**472**		413
Result from ordinary business operations before taxes		**6,152**		6,377
Tax on income and profit 23		**-1,520**		-1,609**)
Result after taxes		**4,632**		4,768

*) The presentation of reinsured business commissions received has been adjusted for comparison purposes.
**) Adjusted for comparison purposes. For an explanation of the change to the system see "Accounting and valuation methods" on page 30.



Cash flow statement 2011

(in € '000)

	2011	2010
Cash flow stemming from business operations		
Result after taxes	**4,632**	4,768 *)
Adjustments for:		
▪ Change in net technical provisions	**3,748**	1,002
▪ Change in deferred tax assets	**149**	-1,422 *)
▪ Change in other provisions	**2,730**	-
▪ Depreciation on fixed assets	**226**	281
▪ Change in liabilities	**-1,528**	-8,070
▪ Change in receivables	**12,256**	2,675
▪ Change in the deposits for reinsurance business	**18,709**	18,950
▪ Non-realized gains/losses in value	**280**	88
▪ Other changes	**806**	-325
	42,008	17,947
Cash flow stemming from investments		
Investments and acquisitions		
▪ Shares	**-**	-
▪ Bonds and deposits at banks	**-302,271**	-212,835 *)
▪ Fixed assets	**-337**	-230
Disinvestments, repayments and disposals		
▪ Shares	**-**	1,652
▪ Bonds and deposits at banks	**266,186**	187,848
	-36,422	-23,565
Cash flow stemming from financing operations		
Dividend disbursement	**-3,900**	-6,500
Subordinated loan top-ups	**-**	3,000
	-3,900	-3,500
Change in current cash at banks	**1,686**	-9,118

*) Adjusted for comparison purposes. For an explanation of the change to the system see "Accounting and valuation methods" on page 30.

Accounting and valuation methods

General

This is an English translation of the official annual report and financial statements in the German language. In the event of discrepancies between the two, the German version shall prevail.

Group relations

The company forms part of the RheinLand-Gruppe in Neuss, Germany. All its shares are held indirectly by RheinLand Holding AG via Rheinland Groep Nederland B.V. and RheinLand Versicherungs AG.
Credit Life International N.V. is included in the consolidated financial statement of RheinLand Holding AG. The consolidated financial statement is deposited with the Registrar of Companies at the parent company's place of domicile, Neuss.

Nature of business operations

The company primarily conducts insurance business. Its sales activities are performed by intermediaries and cooperation partners.

Accounting system change

With effect from 2011, listed bonds are valued at the acquisition value. This means that from 2011 all bonds are valued at the acquisition value which is in line with our investment policy. As part of this policy, bonds are held almost exclusively until the end of their term.

Furthermore, from 2011 revaluation reserves will no longer be set aside for the positive, non-realized revaluation of the share portfolio. Where appropriate, comparative figures have been adjusted for comparison purposes.

Due to the accounting system change in 2011 the result after taxes for the 2011 business year is € 183,000 lower (2010 business year: € 331,000 higher) and equity as at 31 December 2011 € 1,416,000 lower (as at 31 December 2010: € 1,233,000 lower). The change to the system impacts negatively on investments before taxes by € 1,888,000 as of 31 December 2011 (as of 31 December 2010: € 1,644,000). The change to the method of valuing bonds does not have an impact on the existing solvency level as the surplus resulting from the liability adequacy test increases by the same value as which equity decreases.

Valuation principles

The valuation of the assets and liabilities

General

This Annual Report has been produced in accordance with the accounting principles which are generally accepted in the Netherlands and the prevailing statutory provisions governing annual financial statements pursuant to Section 9, Book 2 of the Dutch Civil Code.

Use of estimates

The compilation of the annual financial statement requires the management to form judgements and make estimates and assumptions which impact the application of fundamental principles and the reported value of assets, liabilities, costs and income. The actual results may deviate from these estimates. The estimates and the underlying assumptions undergo continual assessment. Changes to estimates are adopted in that period of time in which the estimates are changed and in future periods of time upon which these changes have a bearing.

Impairment or alienation of fixed assets

In accordance with the Dutch generally accepted accounting principles governing the compilation of annual financial statements, the company discloses intangible, tangible and financial fixed assets. Pursuant to these principles assets featuring a long useful life must be valued in accordance with impairment if any changes or circumstances materialize which suggest that the book value of an asset item can no longer be realized. The possibility of amortizing used assets is determined by comparing the book value of an asset item with the future net cash flow which such an asset item will most likely generate. If the book value of an asset item is higher than the estimated future cash flow a depreciation amount is booked for the difference between the book value and the true value of the asset item to the debit of the result. The assets which are available for alienation are valued at book or lower market value less the alienation costs.

Insofar as nothing to the contrary is stated elsewhere the other assets and liabilities are shown at nominal value.

Transactions in foreign currencies

Transactions in foreign currencies are converted to the relevant functional currency of the Group companies at the exchange rate from the transaction date. Monetary assets and liabilities in foreign currencies are converted to the functional currency at the exchange rate in force on the balance sheet date. Non-monetary assets and liabilities in foreign currencies which are included at their historical acquisition value are converted into euros at the exchange rates from the transaction dates. The exchange rate discrepancies arising during conversion are included in the profit and loss account as costs or income.

Investments

Shares

Shares are shown at the market value. The market value is the stock market value from the balance sheet date. Non-realized changes in value are included in the business year result. All shares are listed.

Bonds

Bonds are valued at acquisition costs less value adjustments. Differences between the acquisition costs and the repayment amount (nominal value) are amortized until they become due.

Deposits at banks

Deposits at banks are shown at nominal value.

Fixed assets

Office furniture and equipment have been valued at acquisition costs less scheduled depreciation.

Deferred items

Deferred acquisition commissions

Deferred acquisition commissions relate to deferred commissions directly or indirectly connected with the acquisition of insurance policies.

Acquisition commissions relating to residual credit are deferred insofar as they can be earned back from the expected gross result of the underlying new business. The depreciation period of these deferred acquisition commissions is dependent on the insurance policy and varies between two and five years.

The deferred acquisition commissions of traditional life insurance policies are recorded on an individual policy basis and depreciated along linear lines over the cancellation liability period (twenty-four months).

Technical provisions

The provisions for life insurance for residual credit insurance policies are valued on an individual policy basis according to an adjusted net method. The interest rate amounts to 3.00% for existing tariffs, 2.25% for new tariffs from 1 October 2010 and 1.75% for new tariffs from 1 September 2011. The calculation is based on the mortality probabilities commensurate with the risk. Implicit allowance has been made for costs.

The provisions for life insurance for traditional life insurance policies are calculated along individual policy lines on the basis of a zillmerized method. The interest rate is 2.75% and the zillmerized rate 4.00%. The calculation bases for mortality correspond to the appropriate tariff bases.

The adequacy of the provision for life insurance for the residual credit insurance policies and the traditional life insurance policies is reviewed annually. This adequacy test takes into consideration expected future developments and the capitalized acquisition costs.

The provision for outstanding claims relates to the claims which were reported by the balance sheet compilation date. The provisions are calculated on an individual policy basis. In addition, a provision for claims incurred but not reported (IBNR) is calculated using actuarial principles and methods. A provision for incurred but not enough reported claims (IBNER) is also calculated. The adequacy of the technical provision for outstanding claims is reviewed annually using standard actuarial methods.

Liability adequacy test for insurance obligations

Liability adequacy test for life insurance

The adequacy of the technical provisions which was notified on the balance sheet date was tested on the basis of the liability adequacy test pursuant to Article 121 of "Besluit Prudentiële Regels Wft" (decree pertaining to the prudential Wft regulations).

The liability adequacy test was performed for the entire portfolio of life insurance obligations for the purpose of assessing whether or not the disclosed technical provisions were still adequate on the basis of the prevailing up-to-the-minute assumptions. During the performance of the test, future contractual cash flows were estimated on the basis of "best estimate" values of the current developments with regard to mortality, mortality in consequence of accidents, the behaviour of policyholders, claims processing and administrative costs and the investment income serving the purpose of covering such obligations. In addition to the "best estimate" values a risk margin was estimated. The liability adequacy test took into account the minimum surrender value at the policy level.

Any possible deficit is immediately debited to the profit and loss account by constituting an additional provision.

The following assumptions were applied during the liability adequacy test on 31 December 2011:

■ Discounting	Based on the risk-free yield curve published by DNB and the interest rate
■ Profit share	The profit share is adjusted on a deterministic basis in line with the interest rate which was in force in the previous year
■ Inflation	2,25%
■ Expected mortality	Empirical mortality values on the basis of internal studies
■ Expected mortality as a result of accident	Empirical accident mortality values on the basis of internal studies
■ Premature termination (cancellation)	Empirical cancellation frequency values on the basis of internal studies
■ Guarantees	Real value

Other provisions

The deferred tax item relates to the difference between the fiscal and the commercial law valuation of the assets and liabilities. It is calculated in accordance with the current tax rate of the expected settlement year.

The provision for awarded anniversary payments on reaching a certain number of years of service was set aside. The obligations were determined per individual employee with the future payment being discounted. In determining the provision, future salary increases as well as the probabilities of death, employee turnover and inability to work were taken into account.

The provision for anticipated losses was determined on the basis of the cash value of future costs and income during the term of the loss-generating contract. The discounting rate used is 4.4%.

Annual result

General

The income and costs relating to the business year are contained in the profit and loss account.

Net premiums earned

Net premiums earned relate to gross premiums invoiced to third parties less reinsurance premiums.

Net benefits paid

The net benefits paid relate to payments to third parties less the reinsurers' share and the change in the provision for outstanding claims.

Costs of insurance operations

Commission and other costs directly associated with the conclusion of insurance policies are shown under acquisition costs. The costs arising from all insurance operations during the business year are shown under administrative and personnel costs and depreciation on office furniture and equipment. Collected policy fees, costs for policy riders and payments to third parties for claims settlement and administration are deducted from these amounts. Commissions received by reinsurers reduce the operating costs.

Investment income

Investment income encompasses dividends stemming from shares, interest stemming from bonds, other loans and cash at banks and realized gains stemming from investments. This income has been allocated to the technical account.

Investment costs

Investment costs encompasses costs and interest pertaining to shares, bonds, other loans and cash at banks and realized losses stemming from investments.

Non-realized gains and losses stemming from investments

Non-realized changes in value are included in the business year result. The non-realized gains and losses are shown according to individual items.

Investment income allocated to the non-technical account

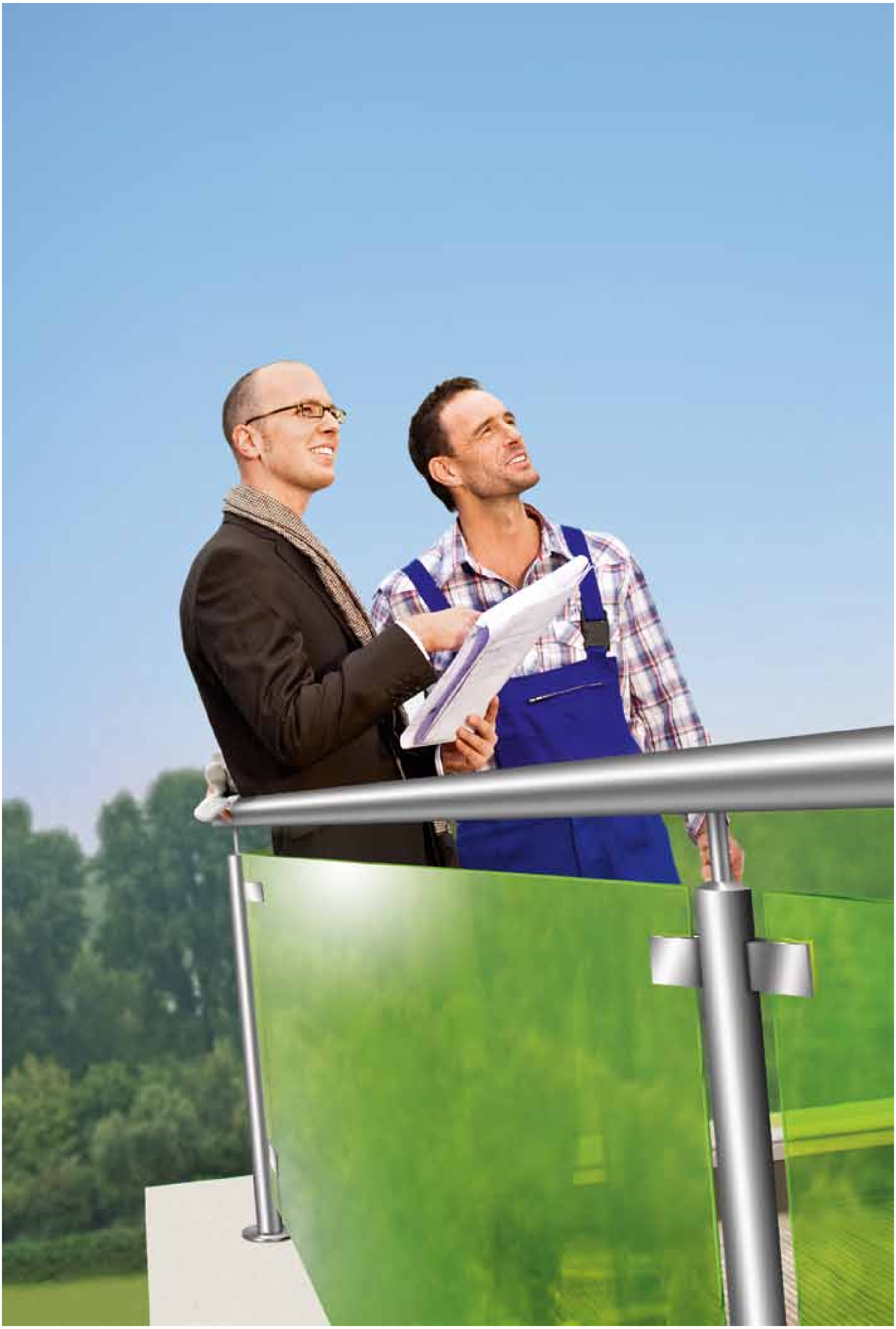
The allocation of the investment income is based on the term of the technical provisions. Corresponding investments are allocated to the technical provisions which have a similar or virtually similar term. The investment income which is generated from these investments is included in the technical account. The investment income which is generated from the investments which are not allocated to the technical provisions is shown in the non-technical account. The costs which are directly associated with the investment income are allocated to the investment income on a pro rata basis.

Taxes

The company forms a fiscal entity with Rheinland Groep Nederland B.V. and RiMaXX International N.V. and is therefore liable for the tax liabilities of the entity. The tax burden has been calculated in accordance with the current tax rate.

Cash flow statement

The cash flows have been compiled in accordance with the indirect method.



Risk management

The underwriting risk and the investment risk are of particular relevance to Credit Life International N.V.

Underwriting risk

The underwriting risk denotes the risk that, in consequence of chance, error or change, the actual claims and payments expenditure will deviate from the expected expenditure.

The insurance portfolio of Credit Life International N.V. largely comprises term insurance policies in conjunction with the provision of cover for residual debt in relation to consumer loans. Traditional life insurance policies, mixed insurance policies and life annuity insurance policies play only a subordinate role and have no longer been marketed since 2007. 100% of the traditional portfolio has been reinsured since 2008.
Apart from the catastrophe risk, the largest underwriting risk is the death risk. Mortality probabilities play a major role in this regard, in which connection higher payments may result from a higher-than-expected mortality rate. A surrender risk (cancellation risk) also exists.

The process of monitoring these risks has revealed that the risk premiums which are released from the technical provisions during the course of the year provide sufficient cover given realistic mortality assumptions. The surrenders influenced by the interest rate which materialize given a rising market rate relate to the traditional portfolio, though not to the residual credit portfolio. The technical provisions have been calculated in such a fashion that they are invariably at least as high as the guaranteed surrender value.

The underwriting risk is managed by a prudent application acceptance policy, product development guidelines, the performance of liability adequacy tests and the determination of adequate reinsurance cover for the insurance portfolio.

A liability adequacy test is performed for the technical provisions on a quarterly basis. During this test the payment obligations are calculated using economic parameters taking into account a risk margin. The comparison between the expected value of future obligations and the balance sheet reserves indicates the adequacy of the reserves which have been constituted.

The reinsurance policy of Credit Life International N.V. is reviewed annually. In addition, within the framework of the product development process, the reinsurance is examined and, if necessary, adjusted for each and every product which is launched on the market. Major risks which are unsuitable for the current reinsurance policy are assessed separately and, if necessary, reinsured.

The launch of new products is accompanied by a profit test. In addition, a profit analysis is conducted at least once a year, in which regard the assumptions which were applied during the tariff calculation process are compared with the actual development of the risks which materialize. This reveals whether or not the calculation bases were selected with a sufficient degree of prudence.

Standard tariffs are used for residual credit insurance policies. This type of tariff classification could entail the risk that, in consequence of the (accident) mortality or cancellation rate, the scope and date of the payment outflows do not tally with the expected values. The adequacy of the standard tariffs is reviewed at least once a year and the tariffs are adjusted if and when necessary.

The table below shows the structure of the insurance portfolio as at 31 December:

(in € '000)	Number of policies		Regular premiums		Insured capital	
	2011	2010	2011	2010	2011	2010
Term insurance policies	**1,946,353**	1,847,857	**1,085**	876	**15,720,497**	14,586,647
Endowment insurance policies	**736**	908	**288**	374	**8,785**	11,355
Annuity insurance policies	**2,405**	2,963	**1,045**	1,308	**-**	-
Accident rider insurance policies	**-**	-	**-**	-	**-**	-
	1,949,494	1,851,728	**2,418**	2,558	**15,729,282**	14,598,002

(in € '000)	Insured annuities		Actuarial provisions		Capital at risk	
	2011	2010	2011	2010	2011	2010
Term insurance policies	**-**	-	**168,802**	152,010	**15,529,874**	14,262,960
Endowment insurance policies	**-**	-	**1,667**	1,721	**7,352**	9,884
Annuity insurance policies	**2,285**	2,802	**12,177**	12,019	**3,520**	2,921
Accident rider insurance policies	**-**	-	**21,874**	22,803	**-**	-
	2,285	2,802	**204,520**	188,553	**15,540,746**	14,275,765

Market risk

The market risk denotes the risk arising directly or indirectly from fluctuations to the amount and volatility of the market prices for the assets, liabilities and financial instruments. The market risk encompasses the exchange rate risk and the interest risk.

Group Asset Management is responsible for monitoring the market risk. In close consultation with the Executive Management of Credit Life International N.V. it determines the investment policy on an annual basis, in which regard the investment portfolio is compared with the accompanying insurance portfolio risks, particularly the term of the obligations. In principle, the market risk is countered by means of a broad mix and spread of investments. In addition, scenario analyses and stress tests are performed for risk management purposes. In view of the fact that the investment portfolio has been tailored to the prevailing obligations, the overall market risk of Credit Life International N.V. is low.

a) Interest risk

The table below depicts the interest rate sensitivity given a rise or fall in the market interest rate of 1%. The tax effect is taken into account in the case of equity capital:

(in € '000)	Interest +1%		Interest -1%	
	2011	2010	2011	2010
Investments	**-5,666**	-5,124	**5,917**	5,433
Technical provisions	**-**	-	**-**	-
Other assets and liabilities	**-**	-	**-**	-
Equity capital	**-4,250**	-3,843	**4,438**	4,075

b) Share risk

At the end of 2011, the Credit Life International N.V. shares were worth € 1,284,000 (2010: € 1,564,000).

The following table depicts the consequences on equity capital after tax effects given a rise or fall in share prices of 10%:

(in € '000)	Price +10%		Price -10%	
	2011	2010	2011	2010
	96	117	**-96**	-117

c) Currency risk

The currency risk arises due to the fact that the combination of investments and obligations in foreign currencies does not quite tally.

The following table depicts the foreign currency items as at 31 December:

(in € '000)	Assets		Liabilities	
	2011	2010	2011	2010
Polish zloty	**920**	673	**500**	519
Swiss franc	**-**	-	**-**	8
Czech crown	**2**	2	**12**	-
Hungarian forint	**8**	4	**7**	1
	930	679	**519**	528

Assets/liabilities matching is subject to a fixed limit which is monitored on a regular basis. As of 31 December 2011 the limit in relation to the currency risk was exceeded as the excess cover in Polish zloty exceeded the predetermined limit value of € 250,000. At the beginning of March 2012 € 250,000 was transferred to RiMaXX International N.V. as there was a slight shortfall in Polish zloty here.

Credit risk

The credit risk denotes the risk which arises in consequence of an incidence of default by or a change in the credit status or credit status rating (credit spread) of security issuers, counter parties and other debtors which have liabilities vis-à-vis RheinLand Versicherungsgruppe.

The credit risk of Credit Life International N.V. primarily encompasses the risk that a reinsurer, intermediary, bond issuer or a private law debtor can no longer fulfil its obligations. In order to minimize this risk Credit Life only cooperates with rated reinsurers and solvent intermediaries.
In addition, care is taken to ensure that the risks are spread adequately.

Credit Life International N.V. has avoided structured products involving credit risks (asset backed securities, collateralized debt obligations, collateralized loan obligations) for new investments and continues to refrain from investing in private equity and/or credit link notes. Its investments are focused on European issuers featuring a high credit status (average rating "AA"). It has no investment commitments in debt-ridden eurozone states (PIIGS – Portugal, Italy, Ireland, Greece and Spain).

The following table provides an overview of the fixed-interest investments according to issuers. No investment attributable to one and the same (private law) debtor accounts for more than 5% of the portfolio of fixed-interest investments.

(in € '000)	Bonds listed		Bonds unlisted	
	2011	2010	2011	2010
Banks	**101,794**	82,962	**95,500**	80,500
State and state-backed	**18,499**	25,388	**-**	-
Other (companies)	**3,491**	5,987	**-**	-
	123,784	114,337	**95,500**	80,500

The market value of listed bonds at year-end is € 125,672,000 (2010: € 115,981,000). The unlisted bonds are reported with a market value of € 97,489,000 (2010: € 81,036,000) at year-end.

The following table shows the distribution of the investments over the various credit worthiness classes on the balance sheet date (Standards & Poor's):

(in € '000)	2011		2010	
	Balance sheet value	in %	Balance sheet value	in %
AAA	**110,275**	45.2	**109,972**	52.8
AA	**42,182**	17.3	**34,535**	16.6
A	**90,153**	37.0	**62,018**	29.8
Aktien	**1,284**	0.5	**1,564**	0.8
	243,894	100.0	**208,089**	100.0

The ratings are checked on a regular basis and documented accordingly.

Liquidity risk

The liquidity risk denotes the risk that, in consequence of a lack of fungibility, RheinLand Versicherungsgruppe will not be in a position to fulfil its financial obligations when they become due.

Credit Life International N.V. must possess sufficient liquid funds in order, for example, to pay claims arising from the insurance portfolio. The liquidity requirements may increase as a result of unexpected claims. For the purpose of controlling the liquidity flows a liquidity plan is regularly produced which is monitored by Group Asset Management. Unexpected liquidity requirements are absorbed by means of matching the assets with the liabilities.

Owing to the short duration (2.62; 2010: 2.75) of the annuity portfolio and the business model the average monthly excess liquidity of Credit Life International N.V. is approximately 6.2 percent (2010: 3.9 percent). In relation to the total investments and the expected excess liquidity without reinvestment for 2012 it totals approximately € 31.6 million (2011: € 19.2 million). Therefore, from the current perspective no liquidity risk exists.

Concentration risk

The concentration risk denotes the risk that arises in consequence of the fact that Credit Life International N.V. assumes individual risks or heavily correlated risks which entail a high level of loss or default potential.

Particular attention should be afforded to the concentration risk in the investment and reinsurance portfolios. The investment policy manages the concentration risk by means of a broad spread among various investment securities. Reinsurance entails a certain concentration risk due to the fact that the entire residual debt portfolio is only reinsured by a small number of reinsurers. However, since all reinsurers are required to possess at least an A- rating, this risk can be considered to be low.

The sales strategy of Credit Life International N.V. is concentrated on a niche product, residual credit insurance, and one major sales channel, bank sales. A key sales foundation in this regard is our cooperation with a major client. One risk which this sales strategy comprises is a possible slump in the materialization of new residual credit insurance policies stemming from consumer credit business.
A further risk also exists as a result of our high level of dependence on one key business partner.

It has proved possible to reaffirm this business relationship in 2011 by renewing the cooperation agreement until 2014. The new contractual set up involves a role change for Credit Life International N.V. for 2012 from a primary insurer to a provider. To guarantee its credit status there are a number of contractual reinsurance relationships in place with other partners.

Strategic risk

The strategic risk is the risk arising from strategic business decisions. The strategic risk also encompasses the risk arising from the fact that business decisions might not be revised in line with a changed economic environment. As a general rule a strategic risk constitutes a risk which arises in connection with other risks. However, it may also materialize as an individual risk.

The process of monitoring strategic risks is directly linked to the business strategy which is defined by the Executive Management. Both the business strategy and the risk strategy are determined by the Executive Board and submitted to the Supervisory Board for approval and discussion. The strategic risks are identified and assessed on an annual basis within the framework of a SWOT analysis (an analysis of strengths, weaknesses, opportunities and threats). In addition, the strategic risks are analysed on a quarterly basis by the Risk Management Board headed by Group Risk Management. The Executive Board and the Supervisory Board are regularly apprised of any major changes and new risks.

Particular attention will continue to be afforded to our dependence on one major sales partner and the increasing influence of the consumer protection factor with regard to products which are sold through banks. The development and structure of bank sales in various European countries and the conclusion of sales cooperation agreements in this segment should be viewed from this standpoint.

The minimum solvency ratio which has been strategically fixed by the Executive Board is currently 135% (2010: 135%).
This percentage has been determined on the basis of the following standpoints:

- The minimum solvency ratio of 130% (2010: 130%) stipulated by the DNB must be observed and monitored during the course of the year.
- For the purpose of maintaining an adequate buffer for fluctuations a scenario in which the self-set limit of 135% solvency is not met is already regarded as being critical.
- In addition, the calculation method which the adequacy tests (which are stipulated by the prevailing supervisory legislation) entail results in a higher solvency capital requirement than is the case from a purely risk-based standpoint.

Operational risk

The operational risk denotes the risk of losses in consequence of inadequate or failed internal procedures or staff- and system-induced or external occurrences. The operational risk also encompasses legal risks, though not strategic and reputation risks.

Operational risks are managed and monitored by the sectors responsible. Operational risks are updated and the results documented on an annual basis within the framework of a risk workshop. Random samples are taken during the course of the year for the purpose of implementing suitable measures. Any major changes in the risk situation are reported to Risk Management without delay via a standardized questionnaire. In 2011 no reports were made in this respect.

Internal processes

Internal control system documentation defining key controls exists for major business processes. This documentation and these key controls are reviewed on an annual basis and updated if and when required. The majority of the business processes are executed independently without outsourcing. Some key processes (such as investment management, reinsurance and internal audit) have been outsourced exclusively within RheinLand Versicherungsgruppe and are thus subject to the same risk management requirements as Credit Life International N.V. No interruptions to business processes occurred in the year under review.

The appointment, transfer or departure of members of staff invariably results in establishing, changing or withdrawing powers of authority and attorney. An established process is available for this purpose by means of which executives can submit and authorize the requisite forms and document them on an audit-proof basis.

Guidelines were drawn up, and adopted by the Executive Board, in 2011 for both the product development process and the remuneration policy. Within the framework of this documentation, inclusion of relevant sectors and departments was decided on and tasks defined so that all the important aspects can be taken into account for evaluation purposes at an early stage in the current process.

Systems

The systems risks which exist are monitored on an ongoing basis and minimized by means of the implementation of various measures. These risks are essentially characterized by the fact that the provision of electronic support for business processes and the provision of information might not correspond to the stipulated principles in terms of integrity, continuity and IT security. We have further expanded the high availability of our systems with additional investments in the redundancy of our IT infrastructure.

A risk is present with regard to our dependence on external service providers, such as software manufacturers. Audits are regularly conducted in conjunction with these service providers. An IT audit is invariably conducted by an external auditor whenever new systems are introduced. The results are discussed with the Executive Board and included in a schedule of measures which are subject to prompt introduction. The IT system of Credit Life International N.V. was audited in 2011 during the audit of the annual financial statement by the auditor and gave rise to no objections.

Within the framework of the business continuity management procedures a review of the disaster recovery concept was carried out and appropriate measures for further optimization implemented.

Members of staff

Staff-related risks may particularly materialize in consequence of wilful criminal acts (such as theft, sabotage and fraud), restricted performance levels (ability, motivation, availability) and vacant key posts. Another risk management post at Credit Life International N.V. was filled on 1 September 2011.

External events

With regard to catastrophes such as earthquakes, storms, floods, fires, explosions and epidemics the business continuity management procedures cited under Systems above enter into force. In addition, various insurance policies exist for the purpose of minimizing the loss potential involved. No such risks materialized in 2011.

Legal risks

The legal risk involves the risk which exists in connection with (amendments to and the observance of) the prevailing statutory and regulatory legislation, a possible threat to the legal status of the company, including the possibility that contractual provisions cannot be enforced or have not been correctly documented.

In order to ensure that the prevailing statutory and regulatory legislation is observed at all times the Finance & Risk, Insurance Law, Actuarial and Investment departments are closely involved with the various issues which this entails. All these departments are staffed by specialists who possess the level of training which is necessary for the purpose of implementing the requisite amendments to statutory and regulatory legislation at the organization.

In addition, regular consultations are held with the Executive Board, the external auditor and the external actuary for the purpose of discussing the developments which have occurred and the course of approach which has been adopted by Credit Life International N.V. Our members of staff attend training courses and seminars for the purpose of regularly updating the skills which they are required to possess.

The business operations of Credit Life International N.V. are very internationally oriented. This gives rise to the risk of inadequate knowledge of foreign legal systems and cultures. Here, too, the compliance function is deployed as a risk management instrument.

Integrity risk (reputation risk)

The reputation/integrity risk constitutes the risk of possible damage occurring to the company's reputation as a result of negative public perception (e.g. on the part of clients, business partners, shareholders and authorities). In exactly the same way as the strategic risk, as a general rule the reputation risk constitutes a risk which arises in connection with other risks. However, it may also materialize as an individual risk.

It is very important to the company that the integrity of the organization and its members of staff is guaranteed by the observance of the prevailing statutory and regulatory legislation and that acts are performed in accordance with the standards and code of conduct which it has imposed and the values to which they give rise. The inadequate observance of statutory and regulatory legislation or the inadequate observance of the imposed standards, values and code of conduct may entail consequences. These may take the form of fines and liability claims or damage to the company's reputation.

For the purpose of facilitating the improved management of the integrity, risks a compliance function has been developed in cooperation with already existing specialist functions (the Money Laundering and Terrorist Financing Officer, the Data Protection Officer, the IT Security Officer, Group Audit and the Human Resources and Legal Department) which is intended to safeguard and foster the integrity of the organization and its members of staff by means of observance of prevailing statutory and regulatory legislation and the values, standards and code of conduct which are in force at the company.

Explanatory notes on the balance sheet as at 31 December 2011

1 Development of investments

(in € '000)	Balance as at 01.01.2011	Acquisitions	Disposals	Change in value	Balance as at 31.12.2011
Shares	1,564	-	-	-280	**1,284**
Bonds - listed	114,337 *)	**38,049**	**28,602**	-	**123,784**
Bonds - unlisted	80,500	**23,000**	**8,000**	-	**95,500**
Deposits at banks	11,688	**241,222**	**229,584**	-	**23,326**
	208,089	**302,271**	**266,186**	**-280**	**243,894**

*) Adjusted for comparison purposes. For an explanation of the change to the system see "Accounting and valuation methods" on page 30.

At year-end the acquisition costs of the shares totalled € 1,883,000 (2010: € 1,883,000). The market value of the listed bonds amounted to € 125,672,000 (2010: € 115,981,000) at year-end. The market value of the unlisted bonds totalled € 97,489,000 (2010: € 81,036,000) at year-end.

The unlisted bonds pertain to registered bonds and public bonds.

2 Deferred taxes

The deferred tax item comprises the amount resulting from differences between the commercial law assessment and the fiscal assessment of the technical provisions, deferred acquisition costs, and the goodwill paid in the past.

Receivables

3 Reinsurance receivables

The reinsurance receivables include no (2010: no) receivables from foreign affiliated companies.

4 Other receivables

Other receivables include:

(in € '000)	2011	2010
Advance payments to intermediaries	-	5,562
Receivables from affiliated companies	**2,441**	7,823
Tax receivables	**198**	86
Other receivables	**57**	83
	2,696	13,554

Profit shares were paid in advance in 2008 in connection with the old cooperation agreement with a major client. These deferred profit shares will be settled over the term of the agreement and as at year-end 2011 are fully depreciated.
Receivables from affiliated companies include corporation tax due on demand from Rheinland Groep Nederland B.V. of € 1.2 million. In 2010 this item consisted of a liability vis-à-vis affiliated companies of € 1.5 million.
All the receivables have a term of less than one year.

Other assets

5 Fixed assets

(in € '000)	Hardware for data processing	Office equipment	Motor vehicles	2011	2010
Balance as at 1 January	510	116	10	636	687
Acquisitions	330	7	-	337	230
Disposals	-	-	-	-	-
Depreciation	176	50	-	226	281
Balance as at 31 December	664	73	10	747	636
Cumulative acquisition costs	1,480	538	47	2,065	1,729
Cumulative depreciation	816	465	37	1,318	1,093
Balance as at 31 December	664	73	10	747	636

Deferred items

6 Deferred acquisition commissions

The deferred acquisition commissions developed as follows in the year under review:

(in € '000)	2011	2010
Balance as at 1 January	44	35
Depreciation	-11	-9
Deferred commissions	168	18
Balance as at 31 December	201	44
Gross	201	44
Reinsurers' share	-	-
	201	44

The deferred acquisition commissions will be depreciated over two to five years.

7 Equity capital

The break-down of the equity capital and the changes in the business year were as follows:

2011 (in € '000)	**Paid-up share capital**	**Share premium reserve**	**Reva-luation reserve**	**Other reserves**	**Business year result**	**Total**
Balance as at 1 January 2011	**3,000**	**20,750**	**-**	**4,435**	**4,768**	**32,953**
Profit appropriation	**-**	**-**	**-**	**868**	**-868**	**-**
Dividend disbursement	**-**	**-**	**-**	**-**	**-3,900**	**-3,900**
Business year result	**-**	**-**	**-**	**-**	**4,632**	**4,632**
Balance as at 31 December 2011	**3,000**	**20,750**	**-**	**5,303**	**4,632**	**33,685**

2010 (in € '000)	**Paid-up share capital**	**Share premium reserve**	**Reva-luation reserve**	**Other reserves**	**Business year result**	**Total**
Balance as at 1 January 2010 before accounting system change	3,000	20,750	515	3,967	8,016	36,248
Accounting system change	-	-	-515	-1,048	-	-1,563
Balance as at 1 January 2010 after accounting system change	3,000	20,750	-	2,919	8,016	34,685
Profit appropriation	-	-	-	1,516	-1,516	-
Dividend disbursement	-	-	-	-	-6,500	-6,500
Business year result	-	-	-	-	4,768	4,768
Balance as at 31 December 2010	3,000	20,750	-	4,435	4,768	32,953

The placed capital as at 31 December 2011 totalled € 3.0 million, subdivided into 3,000 shares of € 1,000 each. All the shares have been issued and paid up in full.
The proposed profit appropriation has not yet been included in the above overview.

Pursuant to the guidelines of DNB (De Nederlandsche Bank) the requisite solvency level as at 31 December 2011 totalled € 27.9 million (2010: € 30.4 million). Pursuant to these guidelines, the solvency level which existed as at 31 December 2011 totalled € 48.3 million (2010: € 44.6 million). This gives rise to cover of 173.6% (2009: 146.9%). The minimum solvency level which the Executive Board considers to be necessary amounts to € 37.6 million (2011: € 41.1 million).

8 Subordinated loans

Rheinland Groep Nederland B.V. has extended five subordinated loans to the company entailing a total amount of € 8.6 million. These loans yield average interest of 8.0%. The term of these loans is indefinite and they may only be redeemed in conjunction with a notice of five years and the approval of DNB.

9 Technical provisions

The gross technical provisions, including the reinsured portion, have an average duration of one to five years.

The modified duration of the underwriting reserves totals 1.87.

The net technical provisions developed as follows in the business year:

Provision for life insurance (in € '000)	2011	2010
Net balance as at 1 January	**28,290**	27,642
Net premiums earned	**8,713**	9,055
Costs freed from premiums	**1,671**	3,703
Allocated interest	**982**	839
Net benefits paid and surrenders	**-3,700**	-6,294
Costs offset against the provision	**2,823**	2,603
Costs freed from the provision	**-4,946**	-6,974
Change as a result of:		
Increase in the negative actuarial provision set to zero	**-**	-
Results stemming from probability systems:		
Mortality result	**252**	223
Results stemming from the development of the life insurance portfolio	**1,679**	2,061
Changes to the profit and loss account affecting net income	**3,612**	648
Net balance as at 31 December	**31,902**	28,290

Provision for outstanding claims (in € '000)	2011	2010
Gross balance as at 1 January	**27,168**	27,080
Acquisitions	**16,434**	16,297
Disposals	**17,632**	16,209
Gross balance as at 31 December	**25,970**	27,168
Reinsurers' share	**-25,008**	-26,342
Net balance as at 31 December	**962**	826

Other technical provisions (in € '000)	2011	2010
Net balance as at 1 January	**900**	-
Allocation to the provision for cancellation gains	**107**	1,645
Disbursement of cancellation gains	**497**	745
Net balance as at 31 December	**510**	900
Reinsurers' share	**-510**	-900
Net balance as at 31 December	-	-

Liability adequacy test

The liability adequacy test determines the adequacy of the constituted reserves. In the event that the balance sheet reserve as at 31.12.2011 should be higher than the minimum reserve calculated pursuant to the liability adequacy test, this surplus may, subsequent to adjustments for reinsurance effects, taxes and the valuation of the investments, be included in the solvency which exists.

As at 31.12.2011 the liability adequacy test produced the following result:

Portfolio (in € '000)	Balance sheet provisions	Test reserve	Gross surplus	Effect stemming from adjustments	Net surplus
Residual credit	188,731	174,394	14,337	-5,180	9,157
Outstanding claims	25,970				
Traditional life business	15,789				
Other technical provisions	510				
	231,000				

The traditional life insurance business is completely reinsured and has therefore been omitted from the above calculation. The other technical provisions have been qualitatively reviewed and are therefore likewise omitted from the test result. For the residual credit portfolio the liability adequacy test resulted in excess cover for the reserve to the amount of €14,337,000 (2010: € 12,755,000) as at 31.12.2011. Pursuant to the Wft stipulations this positive result must be adjusted to take into account the difference between the current value and the balance sheet value of the investments. As at 31.12.2011 the positive difference totalled € 3,877,000 (2010: € 536,000). In addition, adjustments must be made to the amount of the impact of the reinsurance (€ -6,005,000) (2010: € -5,649,000) and the corporation tax (€ -3,052,000) (2010: € -1,911,000). This reduces the surplus calculated pursuant to the adequacy test to € 9,157,000 (2010: € 5,732,000).

The surplus increased sharply year-on-year. The principal reason for this is the different method used for valuing bonds in the balance sheet. From 2011, all bonds are valued at the acquisition value. As the current market value is considerably higher, the surplus is increased by this value.

10 Other technical provisions

The Other technical provisions item included provision for staff long service bonus obligations to the amount of € 84,000 and provision for anticipated losses relating to a lease to the amount of € 2,646,000.

11 Deposits for reinsurance business

A large portion of the insurance business and the accompanying technical provisions has been reinsured since 1 January 2009. The counterpart for increasing the reinsured portion of the technical provisions has been processed as a deposit account liability vis-à-vis the reinsurers concerned.

The deposit account liabilities encompass liabilities vis-à-vis foreign affiliated companies of € 17,535,000 (2010: € 15,561,000).

Liabilities

12 Reinsurance payables

The reinsurance payables encompass payables to foreign affiliated companies of € 1,561,000 (2010: 2,938,000).

13 Other liabilities

(in € '000)	2011	2010
Liabilities vis-à-vis affiliated companies	**1,198**	355
Tax liabilities	**220**	539
Advance payments received from reinsurers	**-**	1,350
Other liabilities	**1,529**	1,282
	2,947	3,526

In connection with the extension of the old cooperation agreement with a major client one reinsurer, in accordance with the original terms and conditions, participated in the advance payment of profit shares. This inpayment is being distributed analogously over the 2008 financial year and the term of the agreement. At the end of 2011 the reinsurer's share was fully amortized. It is shown under advance payments received from reinsurers.

All liabilities have a term of less than one year.

Liabilities not shown in the balance sheet

The lease pertaining to the business premises leased in Venlo gives rise to a leasing liability, including ancillary leasing costs, to the amount of € 457,000.
The leasing liability, including ancillary leasing costs, pertaining to the business premises leased in Tegelen is included in the provision for anticipated losses (see page 34).
Two bank guarantees totalling € 51,300 have been submitted in connection with this lease.
Four leases have been concluded which expire in 2012. For the residual term the lease amount totals € 3,300.

Explanatory notes on the profit and loss account 2011

Technical account

14 Gross premiums

Virtually all the gross premiums were earned in the market comprising the other EU Member States (particularly Germany) and can be broken down as follows:

(in € '000)	2011			2010		
	Gross	Reinsurance	Primary insurance	Gross	Reinsurance	Primary insurance
Regular premiums						
Individual						
▪ without profit share	**108**	**-**	**108**	65	-	65
▪ with profit share	**2,204**	**-2,204**	**-**	2,820	-2,820	-
Total regular premiums	**2,312**	**-2,204**	**108**	2,885	-2,820	65
Single premiums						
Individual						
▪ without profit share	**372,522**	**-363,917**	**8,605**	315,325	-306,335	8,990
▪ with profit share	**-**	**-**	**-**	-	-	-
Total single premiums	**372,522**	**-363,917**	**8,605**	315,325	-306,335	8,990
	374,834	**-366,121**	**8,713**	318,210	-309,155	9,055

Investment income

15 Other investments

The other investment income encompasses the following interest and dividends:

(in € '000)	2011	2010
Shares	**58**	63
Bonds	**6,612**	6,252
Deposits at banks	**138**	81
Current cash at banks	**32**	12
Other	**-5**	76
	6,835	6,484

16 Non-realized gains and losses stemming from investments

Non-realized gains and losses relate exclusively to shares.

17 Other net technical income

This relates to profit shares from reinsured business.

18 Net benefits paid

2011 (in € '000)	Brutto	Reinsurance	Net
Type of payment:			
▪ Death payment	**29,536**	**28,255**	**1,281**
▪ Rider insurance payments	**953**	**924**	**29**
▪ Surrender	**54,898**	**52,508**	**2,390**
	85,387	**81,687**	**3,700**

2010 (in € '000)	Brutto	Reinsurance	Net
Type of payment:			
▪ Death payment	27,988	26,806	1,182
▪ Rider insurance payments	1,050	1,019	31
▪ Surrender	50,776	45,695	5,081
	79,814	73,520	6,294

The gross surrenders included top-ups to the amount of € 39,155,000 (2010: € 34,505,000).

Expenditure on insurance costs

19 Acquisition costs

The paid and owed acquisition costs and the prepaid profit share total € 255,205,000 (2010: € 216,247,000).

20 Administrative and personnel costs

Numerous tasks were performed by Group companies in the financial year under review for which € 2,997,000 (2010: € 3,182,000) was invoiced. As at 31 December 2011, the company employed ninety-five members of staff (2010: ninety-five members of staff). The total costs include € 687,000 (2010: € 814,000) for the costs pertaining to the Executive Board and € 6,000 (2010: € 6,000) for the costs pertaining to the Supervisory Board. The Supervisory Board also acts for RheinLand Holding AG, for which reason most of the costs are borne by RheinLand Holding AG.

The personnel costs can be broken down as follows:

(in € '000)	2011	2010
Wages and salaries	**5,500**	5,297
Social security contributions	**412**	384
Retirement provision	**391**	392
Other personnel costs	**439**	336
	6,742	6,409

These costs include research and development costs of € 0,9 million (2010: € 0,8 million),

The business costs include the remunerations for auditors:

(in € '000)	2011	2010
Audit of the annual financial statement	**105**	96
Tax consulting services	**61**	15
	166	111

21 Investment costs

The investment costs include € 693,000 (2010: € 469,000) for interest costs vis-à-vis affiliated companies.

In addition, an amount of € 3,476,000 (2010: € 3,044,000) in deposit interest was included, which was for the most part paid to the insurer within the framework of a profit share with the relevant reinsurer. This profit share was included under the item "Other technical net income".

22 Investment income not allocated to the technical account

The investment income is allocated to the technical account on a pro-rata basis. For allocation purposes this income, comprising realized and non-realized investment income, including the associated costs, is calculated and related to the average net technical provisions.

23 Technical account result

The technical results per profit source are comprised as follows:

(in € '000)	2011	2010
Insurance policies entailing monetary payments		
Insurance policies relating to allocated investment income	**683**	1,275
Allocated interest	**-982**	-839
Change due to a change in the interest yield curve	**-**	-
Change due to the development of package costs and a change in the package	**-**	-
Interest result	**-299**	436
Calculated costs from premiums	**-1,671**	-3,703
Cost freed from the technical provisions	**4,946**	6,974
Costs offset against the technical provisions	**-**	-
Costs of insurance operations	**-17,637**	-15,265
Adjustments in connection with reinsurance	**21,430**	18,189
Returned commission due to surrenders	**-2,823**	-2,603
Change due to a change in the costs	**-**	-
Cost result	**4,245**	3,592
Result from the probability systems	**1,931**	2,284
Result from the probability systems from outstanding claims	**-136**	-354
Change due to a change in the probability systems	**-**	-
Result of the technical analysis	**1,795**	1,930
Increase in the negative technical provisions set to zero	**-**	-
Interim result	**5,741**	5,958
Contractual result-sharing	**-62**	7
Result-sharing contingent upon operating results	**-**	-
Depreciation of the interest discount	**-**	-
Other	**1**	-1
Technical account result	**5,680**	5,964

Non-technical result

24 Taxes

The tax burden calculation takes into account the tax-exempted results. In 2011, the nominal tax rate amounted to 25% (2010: 25.5%) and the effective tax rate 24.7% (2010: 25.2%).

Break-down of the corporation tax:

(in € '000)	2011	2010
Corporation tax	**-1,538**	-1,623
Corporation tax for previous years	**18**	14
	-1,520	-1,609

For 2011 the corporation tax for previous years comprises the definitive assessment of the taxes for 2009 and for 2010 the definitive assessment of the taxes for 2008.

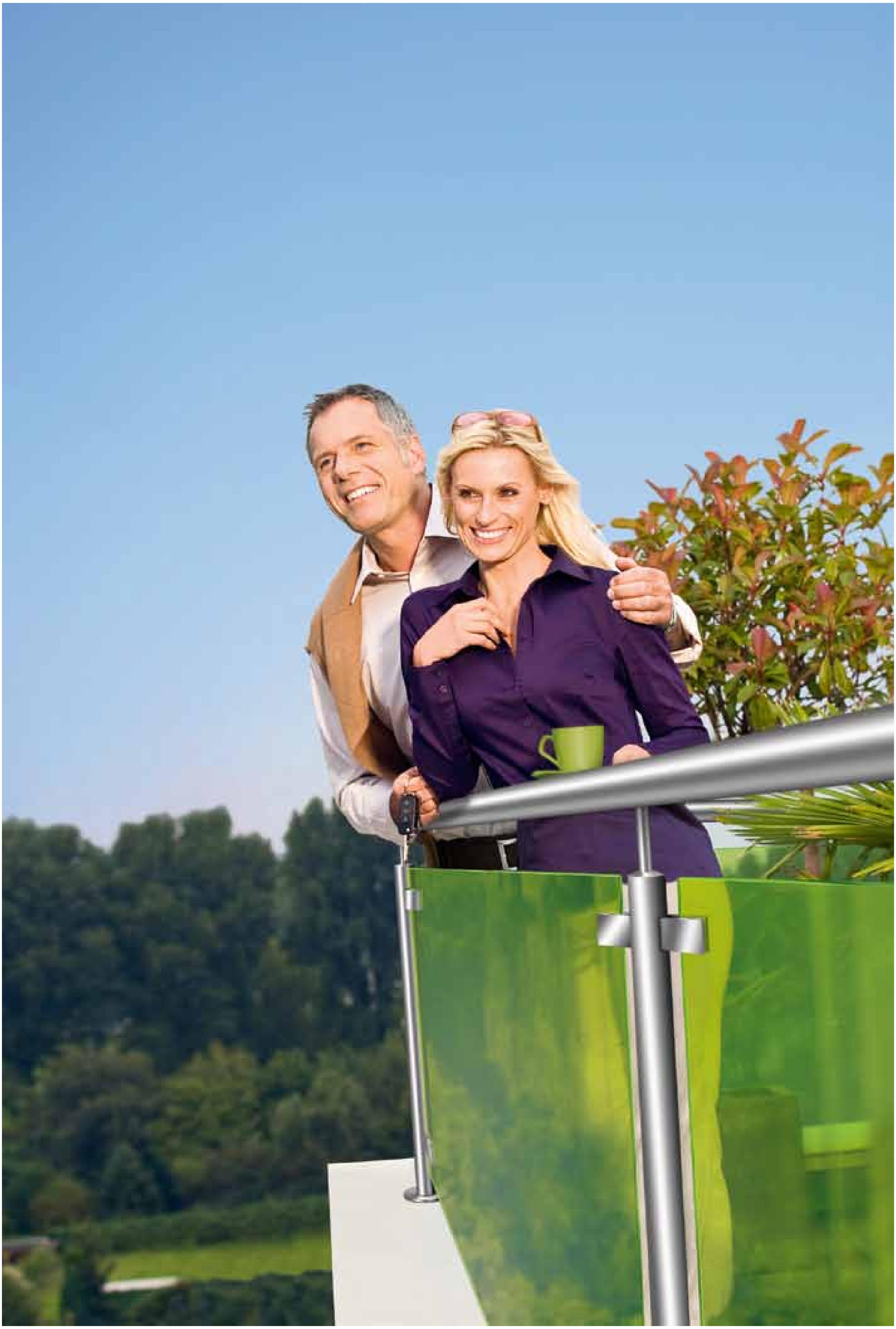
Venlo, 24 April 2012

The Executive Board

Buchbender Klanten Stöcker Schwarz Van Zutphen

The Supervisory Board

Dr. Adam Thywissen Dr. Baum Drs. Koning



Other information

Statutory profit appropriation

Pursuant to Article 20 of the Articles of Association, the profit appropriation shall be determined by the Annual General Meeting:

Article 20

1. The Executive Board may, with the approval of the Supervisory Board, allocate up to 50 percent of the annual surplus to the retained earnings in advance. The Annual General Meeting shall determine the appropriation of the residual balance sheet profit in accordance with a proposal submitted by the Executive Board and the Supervisory Board.
2. The company may only pay dividends to the shareholders and other persons who have an entitlement to the distributable profit in the event that the equity capital should exceed the paid-up and called-in portion of the capital plus the statutory reserves.
   Pursuant to the provisions contained in Article 3, Paragraph 4 no dividends may be paid for the benefit of the company on shares which are held by the company itself.
3. The Executive Board and the Supervisory Board may propose at the Annual General Meeting that one or more interim dividends should be paid.

Profit appropriation

Pursuant to the Articles of Association the profit appropriation shall be determined by the Annual General Meeting. The Executive Board proposes that the financial year profit to the amount of € 4,632,000 should be appropriated as follows:

(in € '000)	2011
Dividend	3,100
Allocation to the other reserves	1,532
	4,632

Independent auditor's report

To the shareholders of Credit Life International N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Credit Life International N.V., Venlo, which comprise the balance sheet as at 31 December 2011, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Executive Board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Credit Life International N.V. as at 31 December 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the Executive Board report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the Executive Board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 24 April 2012

KPMG ACCOUNTANTS N.V.

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